



APPROPRIATIONS UPDATE

HOUSE COMMITTEE ON THE BUDGET
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Volume 2, No. 18

12 December 2002

AGRICULTURE APPROPRIATIONS BILL FOR FISCAL YEAR 2003 H.R. 5263

SUMMARY

The Agriculture appropriations bill (H.R. 5263), as reported by the House Appropriations Committee on 26 July 2002, is consistent with the House Concurrent Resolution on the

Budget for Fiscal Year 2003 (H. Con. Res. 353). The legislation also complies with the requirements of the Congressional Budget Act.

COST OF THE LEGISLATION

As reported, H.R. 5263 provides \$17.601 billion in new budget authority [BA] and \$17.688 billion in outlays for fiscal year 2003, which began on 1 October 2002. The bill provides for an increase of \$1.325 billion in BA and \$1.384 billion in outlays compared with fiscal year 2002. If this measure is enacted, appropriations for the Department of Agriculture will have increased an average of 5.5 percent

a year in each of the past 3 years. The bill also contains \$472 million in BA savings. The savings include \$467 million from changes to mandatory programs; these consist principally of \$450 million in one-time savings from the Export Enhancement Program, and \$5 million in rescissions of previously enacted discretionary BA. (See further discussion below.)

Table 1: Agriculture Appropriations Bill
(fiscal years; millions of dollars)

| | 2002 Enacted ^a | Administration 2003 Request | 302(b) for 2003 | 2003 Bill |
|------------------|---------------------------|-----------------------------|-----------------|-----------|
| Budget Authority | 16,276 | 17,053 | 17,601 | 17,601 |
| Outlays | 16,304 | 17,796 | 17,688 | 17,688 |

^a House current status plus this bill's share of unallocated emergency outlays.

COMPLIANCE WITH THE BUDGET RESOLUTION

The bill complies with sections 302(f) and 311(a) of the Budget Act. The first of these prohibits consideration of bills in excess of a subcommittee's 302(b) allocation of budget authority. The second, section 311(a), prohibits

consideration of legislation exceeding the total levels of budget authority and outlays established in the concurrent resolution on the budget. The \$17.601 billion in new discretionary budget authority is equal to the 302(b)

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READER'S NOTE

Although this measure did not reach the floor, the Appropriations Committee did complete action on it before adjournment of the 107th Congress.

This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and may not reflect the views of all the committee's members.

allocation to the House Appropriations Subcommittee on Agriculture. Outlays of \$17.688 billion are equal to the

subcommittee's outlay allocation. Table 2 below shows a breakdown of the bill's funding.

Table 2: Discretionary Spending in the Agriculture Appropriations Bill
(in millions of dollars)

| Program | Budget Authority | Outlays |
|---|------------------|---------|
| Agricultural Programs | 5,725 | 5,931 |
| Conservation Programs | 1,016 | 1,088 |
| Rural Development Programs | 2,810 | 2,754 |
| Domestic Food Programs | 5,086 | 5,117 |
| Foreign Assistance and Related Programs | 1,491 | 1,302 |
| Related Agencies and FDA | 1,475 | 1,496 |
| Rounding ^a | -2 | 0 |

^a The Appropriations Committee appropriates accounts in the thousands of dollars; the Congressional Budget Office scores appropriations bills in the millions. This category brings the bill score into line with the amounts provided in the bill.

RESCISSIONS/CHANGES IN MANDATORY PROGRAMS

The bill saves \$5 million from rescinding unobligated balances for the experimental rural clean water program.

The bill also includes net savings of \$467 million from mandatory programs. These savings are derived as follows:

- An Export Enhancement Program [EEP] obligation limitation (\$450 million). (An "obligation limitation" prevents an agency from spending more than a specified amount in the fiscal year.) This bill continues the policy contained in Public Law 107-206, the emergency supplemental appropriations act, to limit the obligations of this program to \$28 million. The Congressional Budget Office [CBO] does not recognize those savings, but the administration's Office of Management and Budget [OMB] does. Because the fiscal year

2003 budget resolution is based on OMB's assumptions, the Budget Committee has used the OMB estimate for this provision.

- Limitations on spending in mandatory programs for conservation security, wetlands reserve, and environmental quality (\$13 million).
- Rural Electrification Act interest payments (\$3 million).
- Continued obligation delay for the Initiative for Future Agriculture and Food Systems (\$120 million).

These savings are partly offset by mandatory spending increases in Citrus Canker (\$18 million), Livestock (\$100 million), and National Sheep Industry (\$1 million).

DISCUSSION

Overall, the bill is \$548 million in BA above the President's request. Highlights of the differences by program area are:

- Agricultural programs increase by \$178 million. The largest single increase is for agricultural buildings and facilities (\$126 million), which occurs largely because

the appropriations bill would pay all rental costs from this departmental level account, rather than from each program account, as proposed by the administration. The largest programmatic increase is for the Agricultural Research Service. It receives \$109 million above the request to provide for continuing programs

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that the President recommended for termination (such as the Biotechnology Research and Development Corporation and floriculture and nursery research), and additional facilities repair and construction, among other things. The bill increases by \$33 million funds for the Grain Inspection, Packers, and Stockyard Administration, largely by rejecting a fee proposed in the President's request. The committee-reported bill does not include the President's proposals to delay the expenditure of funds for the Fund for Rural America (\$160 million), and the Initiative for Future Agriculture and Food Systems (\$120 million); to modify the risk-sharing arrangements in the Federal Crop Insurance Program (\$62 million); and to reduce spending for the small watershed rehabilitation program (\$45 million) and rural strategic investment program (\$15 million). Those savings are replaced by the obligation delay in the EEP program discussed above (\$450 million), and other miscellaneous reductions.

- Conservation programs increase by \$15 million, for the Natural Resources Conservation Service [NRCS]. This modest increase is accompanied by two large differences in policy. First, the administration proposed an appropriation of \$110 million for an emergency watershed protection program; but instead of funding that program, the reported bill provides funds in the same amount to a flood prevention project that the administration proposes eliminating. Second, the bill includes language directing that earmarks in the NRCS be considered as funding above the amount to be allocated by formula, rather than within the amounts to be provided to States by formula.
- Rural development programs increase by \$237 million. The increases are for rural community advancement (\$159 million, principally for Member projects); the rural housing service (\$47 million); the rural business cooperative service (\$16 million, principally for the continuation of rural empowerment zones that were not funded by the administration); and the rural utilities service (\$15 million).
- Domestic food programs increase by \$40 million, primarily due to increases in the Commodity Assistance Program (\$25 million), and the Special Supplemental Nutrition program for Women, Infants, and Children [WIC] (\$25 million). These increases are offset by a reduction in food program administration (\$10 million).

- Foreign assistance increases by \$41 million, largely for Public Law 480 Title I and Title II programs.
- An additional \$39 million is provided for Related Agencies and Food and Drug Administration [FDA], mostly due to the rejection of the President's proposed fee for the Commodity Futures Trading Commission [CFTC] (\$33 million), and offset by \$2 million in CFTC reductions. The FDA is funded at \$8 million above the level of the President's request; the increase is for salaries and expenses.

Cooperative State Research, Education, and Extension Service

H.R. 5263 differs significantly from the President's request for the Cooperative State Research, Education, and Extension Service [CSREES] budget. The President proposes doubling funding, to \$240 million, for the National Research Initiative [NRI], the Agriculture Department's primary discretionary competitive grant research program. The President also proposes reducing funds for special research grants, from \$97 million in 2002 to \$3.3 million in 2003. In contrast, H.R. 5263 provides modest increases in funding for both special research grants and the NRI.

Homeland Security

Both H.R. 5263 and the President's budget provide generous increases above last year's annual appropriations bill (excluding last year's supplementals) for the major homeland security agencies within the Department of Agriculture: the Animal and Plant Health Inspection Service [APHIS], and the Food Safety and Inspection Service. Some of APHIS' current functions are transferred from the Agriculture Department to the new Homeland Security Department under the Homeland Security Act of 2002, Public Law 107-296. Because the Homeland Security Act became law after the Appropriations Committee reported this bill, some language regarding transfers to the new Department may need to be revised.

Farm Bill

Although H.R. 5263 increases the appropriation for Farm Service Agency [FSA] salaries and expenses by \$38 million over last year's enacted levels, it does not provide money to implement the Farm Bill, because it was not requested by the administration.

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